

Commercially Useful Function Questions SB/DVBE

All new and renewing small business (SB) and DVBE applicants must respond to the Commercially Useful Function (CUF) questions below. Your response must demonstrate how you, as a certified small business, microbusiness and/or DVBE contractor, subcontractor or supplier meets the commercially useful function requirements under Government Code section 14837(d)(4) and Military and Veterans Code section 999(e)(2).

A business performing a commercially useful function is one that does all of the following:

- Is responsible for the execution of a distinct element of the work of the contract.
- Carries out its obligation by actually performing, managing, or supervising the work involved.
- Performs that is normal for its business, services and function.
- Is not further subcontracting a portion of the work that is greater than that expected to be subcontracted by normal industry practices.

A contractor, subcontractor, or supplier will not be considered to perform a commercially useful function if the contractor's, subcontractor's, or supplier's role is limited to that of an extra participant in a transaction, contract, or project through which funds are passed in order to obtain the appearance of a small business, microbusiness, or DVBE participation.

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1. Provide a detailed explanation of your firm's business process from the point of receiving a state contract or purchase order to the point of delivery of the products and/or services. Include a description of your firm's products and/or services and provide a copy of your firm's brochure or marketing materials, if possible. Be sure to include specific tasks your firm performs and a description of how your firm manages and supervises the workforce to meet contractual requirements.
 2. When fulfilling a state contract/purchase order, does your firm subcontract or intend to subcontract out any of its work? If so, explain the type of work and the amount of work that is/will be subcontracted out (express as a percentage of the total work for a specific project) and to whom.
 3. During the past year, what dollar amount was subcontracted by your company to outside business concerns and/or individuals? Express this amount as a percentage of your gross receipts.
 4. If you are a service provider's representative, provide a copy of your agreement with the service provider. If you are a supplier or manufacturer's representative, provide a copy of your agreement with the supplier or manufacturer. If you are a service or manufacturer's representative, you must provide at least one agreement between you and your service provider or supplier/manufacturer. If you don't have one, please explain why and under what arrangement the two parties transact business with each other.
 5. If you are a Non-Manufacturer, list your major suppliers and manufacturers, the percentage of your annual cost of goods sold for each, and a detailed description of the service(s) they perform for your company (warehousing, shipment, billing, office space, etc). Provide copies of all business licenses, certificates and permits held by your firm.
 6. What tasks will you, as the qualifying disabled veteran, provide in meeting contractual requirements of state agencies? Be specific.
 7. How will you, as the qualifying disabled veteran, manage and supervise the workforce in direct response to a state contract? Be specific.
 8. Do any of your subcontractors or suppliers have an ownership or management interest in your company? If so, identify the persons/entities and explain the ownership interest.
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